



November 30, 2004

**BY ELECTRONIC FILING**

Marlene M. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: Notification of Oral Ex Partes, *In the Matter of Review of the Section 251  
Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket 01-  
338 and WC Docket 04-313

Dear Ms. Dortch:

Today, Bettina Cardona, President of Fones4All Corporation ("Fones4All") and the undersigned conducted an ex parte meeting with Jessica Rosenworcel, Legal Advisor to Commissioner Copps. During the meeting, the parties discussed the need for the Commission to, at a minimum, preserve UNE-P availability to allow competitive carriers to serve single line residential customers who qualify for universal service subsidies. Without UNE-P availability to serve this market, low-income consumers will be forced to either obtain service from the ILECs, who do not actively market universal service availability; obtain service from pre-paid providers that charge exorbitant prices, or forego basic service altogether. In accordance with the Commission's rules, 47 C.F.R. Sec. 1.1206(b)(1), Fones4All is electronically filing in the above-referenced dockets this letter, along with the attached materials.

Respectfully submitted,

Ross A. Buntrock  
*Counsel to Fones4All Corporation*

cc: Jessica Rosenworcel (electronic mail)



**Fones4All Corp.**  
***Triennial Remand Proceeding***  
**WC Docket 04-313**

Bettina Cardona, President  
Ross Buntrock, Womble Carlyle  
Nov. 30, 2004

## Who is Fones4All?



- A UNE-P CLEC based in California.
  - Leases loops and switch ports from SBC and Verizon.
- Markets to and serves **low income single line residential** customers who qualify for Universal Service.
  - Most customers do not have access to high speed broadband services through ILECs or Cable providers.
- Has signed up 35,000 first time single line residential ULTS eligible customers in Southern California over the course of two years.



## Why Fones4All?

- Fones4All actively markets to ULTS Eligible Consumers
  - Fones4All's mission is to actively seek out single line ULTS eligible consumers.
    - ILECs have a duty to provide Universal Service
      - ILECs do not actively seek ULTS customers.
  - Fones4All is helping to achieve the FCC's and California's goal of Universal Service.
  - Fones4All has little competition other than ILECs and unscrupulous prepaid phone service providers.
    - Prepaid service providers often charge ULTS eligible customers significantly more than market rates.
    - Prepaid providers do not offer ULTS service.

## **Availability of Telephone Service to the Low Income Subscriber**



- According to FCC's Aug. 2004 report, California has 95.9% telephone penetration rate.
- Approximately 2 M households in California have no basic telephone service.
- In California, as in the rest of the country, low income Hispanic and African American households are much less likely to have basic telephone service than counterparts, as demonstrated in the FCC's most recent penetration report.

# The California ULTS Program



- The Moore Universal Telephone Service Act, enacted in 1987, created the state Universal Lifeline Telephone Service (ULTS) program.
- Goal of ULTS program is to offer high quality basic telephone service at affordable rates to the greatest number of California residents.
- Competitive alternatives are key to achieving goals of ULTS program to ensure that every person qualified to receive lifeline telephone service is informed of and is afforded the opportunity to subscribe to that service.
- The Commission should ensure that UNE-P is available to serve low income residential ULTS customers.
  - UNE-P is the only way that competition will exist for ULTS customers
  - UNE-P is the only way that ULTS customers will be actively sought out and educated about the ULTS program.



## The Low Income Residential Market

- The Commission must conduct an independent impairment analysis of the residential market.
- The low-income residential market is separate and distinct from both the business market, and even the mainstream residential market.
  - Different products
  - Different pricing
  - Different customer expectations
  - Different customer needs
- The low income market is either ignored completely or exploited by predatory and unscrupulous pre-paid providers.

# **There Is Extreme Impairment in the Low Income Res Market**



- Economic Impairment
  - Cost of duplicating the PSTN is prohibitively high.
  - Low incremental income opportunity in the low income residential market.
  - High customer churn.
- Operational Impairment
  - ILEC network built for a single carrier.
  - Very difficult and expensive to access loops unbundled from switching.
  - Scattered population makes capturing market share difficult and network build expensive.



# **Intermodal Products Are Not Substitutes for Basic Service in the Low Income Market**



- **Low income customers cannot afford even unsubsidized basic wireline service.**
- **Any of the intermodal alternatives are clearly out of reach for low income subscribers.**
  - **VoIP requires a broadband connection that, according to *UNE Fact Report*, costs between \$72-\$90 per month.**
  - **Cable telephony requires cable service availability and means to subscribe—often no cable plant in these areas.**
  - **Wireless service requires credit checks and long term contracts and does not provide consumer protections of wireline service.**
  - **Most of the plant in poor urban areas has not been upgraded to support broadband services with no plans for future upgrades.**

# **Intermodal Products Are Not Substitutes for Basic Service in the Low Income Market**



- **Low income populations, the most overlooked and vulnerable, should not be relegated to obtaining service only from unscrupulous pre-paid providers.**
  - **The people that need the most assistance generally get taken advantage of due to lack of knowledge about the ULTS program.**
- **Low income populations should not be required to obtain ULTS service only from ILECs**
  - **In California, the PUC litigated a case where Pacific Bell was alleged to have failed to inform eligible subscribers of the availability of ULTS service.**
  - **The CPUC also found that Pacific had improperly marketed vertical features to ULTS subscribers.**
  - **The CPUC fined Pacific Bell \$22.5 M.**
  - ***See TURN v. Pacific Bell, Case 90-04-004, D. 01-09-058 (Sept. 20, 2001)***
- **There must be a competitive alternative for all segments of the communications marketplace.**

# **At a Minimum the Commission Should Adopt a UNE-P Carve Out for ULTS/LifeLine Link Up Subs**



- **Without competitive providers of ULTS/LifeLine/LinkUp low income subscribers will be forced to rely on either unscrupulous prepaid providers or ILECs.**
- **ILECs have little incentive to serve high-cost, low income customers.**
- **Competitors cannot economically serve low income populations without access to UNE-P.**
- **Resale and UNE-L are not viable substitutes.**
- **As Chairman Powell has recognized, even Bells agree that UNE-P should be available to serve residential consumers.**



# Conclusion

- The Commission should preserve UNE-P availability for single line residential use.
- At a minimum, the Commission should preserve UNE-P availability for low income (ULTS/LifeLine/LinkUp eligible) customers.

[illegible]

# HELPFUL TIPS

## ◆ Thank You for Switching Us On!

You will receive a confirmation call and letter from our Customer Care Center within 10 days.

## ◆ We take care of everything for you!

At Fones4All, your inside wiring needs are available to you for only \$20.00.

## ◆ Stay in touch!

Convert your current SBC or Verizon home phone service to Fones4All and keep your active home phone number without any service interruption.

## ◆ Please be specific about your address and zip code:

For example: apt, bldg., rear house, unit, 1/2 address, and street direction.

## ◆ If you are disabled please call us.

You may qualify for a second telephone line.

FONES



Switch Us On!

*Tear here and mail back lower portion.*

### I would like to save money on my BASIC LOCAL TELEPHONE SERVICE!

By that I meet the eligibility criteria and apply for the Universal Lifeline Telephone Service and service at a rate of \$5.34 per month. I understand that the California Public Utilities Commission require verification of my eligibility. I understand that by mailing in this form I am authorizing FONES4ALL to provide my basic local telephone service. I understand that a one time only service establishment fee of \$10.00 will be charged on my first bill.

#### INTRODUCTION

Name \_\_\_\_\_

Address \_\_\_\_\_ Apt.# \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_

#### SWITCH MY SERVICE TO FONES4ALL ☐

My current phone company is: SEC ☐ or Verizon ☐

My active home phone number is: \_\_\_\_\_

Color # \_\_\_\_\_

or Long Distance please fill out the form on page 2

#### WANT TO NEW SERVICE WITH FONES4ALL ☐

Color # \_\_\_\_\_

or Long Distance please fill out the form on page 2

### LETTER OF AUTHORIZATION CHANGE IN TELECOMMUNICATIONS SERVICE PROVIDERS

I hereby authorize FONES4ALL to act as my agent for purposes of changing my current telecommunications provider(s) for the Telephone Number(s) listed below. I authorize FONES4ALL to act as my preferred carrier for the services designated below.

#### ☒ LOCAL EXCHANGE SERVICE

Please write down your choice of Long Distance Carrier (PIC, LPIC):  
for example: MCI, SPRINT, AT&T \_\_\_\_\_

I understand that my local service provider may assess a charge to make this change. I also understand that, for each category of service described above, only one primary Interexchange carrier may be designated per line.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



The Universal Lifeline Telephone Service program allows you to pay only \$5.34 per month for your Basic Local Telephone Service\* with FONES4ALL!

**YOU QUALIFY IF:**

You are the head of your household, and

The service is the only telephone line at your primary residence, and

Your total annual household gross income is no greater than:

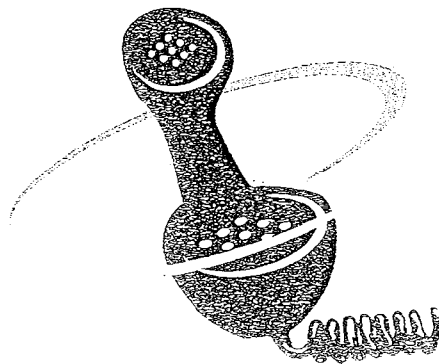
| <u>Persons in Household</u> | <u>Income Limit</u> |
|-----------------------------|---------------------|
| 1-2                         | \$20,100            |
| 3                           | \$23,700            |
| 4                           | \$28,400            |
| Each Add'l Member           | \$4,700             |

This telecommunications service assistance program is based on the eligibility requirements established by the California Utilities Commission. The Universal Lifeline is a program that may reduce an eligible residential consumer's monthly telephone service.

*Basic Telephone Service is the minimum rate charged by the local telephone company for a single-line service. It includes a monthly service charge and a charge for each minute of use. It does not include long distance or other special services.*

for your UNIVERSAL LIFELINE  
TELEPHONE SERVICE with

FONES



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Switch us on!

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1-877-366-3742

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